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SUPPLEMENT TO
REPORT NO. 25X1X

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1. Attached for your information is a ten-page [REDACTED] 25X1A
imports, Czech fat industry and oil refineries. Although most of this
information is known, it is being forwarded for whatever interest it may
be to you. [REDACTED] 25X1X

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CZECHOSLOVAK CHEMICAL INDUSTRY IMPORTS:

The following is a summary of the basic materials required by the Czech chemical industry and imported from abroad:

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- a) Coconut oil needed for the chemical industry as well as food and soap industries which are subject to the General Management for Food. The annual demand of the chemical industry is approximately 400,000 kg; annually the soap industry requires about 500,000 kg; the food industry's demands vary from 20,000,000 to 50,000,000 kg annually. The coconut oil (palm nut oil is sometimes substituted in its stead) is imported from Africa and South America via Gdynia and Hamburg; [REDACTED] not know from which countries or by what lines or import-export houses.
 - b) Castor oil seed is imported from South America, mainly from Argentina. The seed is pressed for the oil either in the plant in LOVOSICE or the one at PREROV. The castor oil is used for production of brake fluids, it is added to lubricants to increase their viscosity, and it is also needed by the lacquer and dyes industry. Import is made via Gdynia and Switzerland.
 - c) The annual train oil (particularly cod-liver oil) demand of the tanning and pharmaceutical industries lies around 10,000,000 kg. It is imported from Sweden and Norway via Gdynia and Hamburg.
 - d) ^{yellow?}
Pure talcum annual demand runs between 40,000,000 and 50,000,000 kg. It is used for the production of margarine, and also for dissociation into glycerine and oleic acid which is accomplished at the former Schicht plant at Usti nad Labem and by the former Jakl & St. Erik (~~etc~~) works in Kolin. It is imported from Argentina via Gdynia and Hamburg, while small quantities also come from Poland. Since the imports do not cover the needs, the gap is bridged by imports of bone meal from Poland and from Trieste which is the collecting center for that product. In 1950 the CSR also established a bone collection service of its own, but it functions poorly.
 - e) Metallic sodium annual demand is slightly more than 5,000 kg. Most of it is used by the Syntex plant at Unisek for the reduction of coconut oil into fatty alcohols, from which this plant distills caprylic alcohols which are used in foam extinguishers. The entire production of the caprylic alcohols goes to the Czech armed forces. Some of the metallic sodium is imported from Switzerland, but the CSR still possesses large supplies stemming from the German occupation during the war.
 - f) Amyl alcohol (also used in the coconut oil reduction process into fatty alcohols), of which small quantities are also produced within the CSR, is mostly imported from Switzerland. Imports must meet the bulk of the CSR's needs, the Syntex plant in Unisek alone requiring about 15,000 kg annually. Amyl alcohol, however, is also required for the production of Amylacetates used as explosive gelatin and as a solvent for nitro-cellulose, [REDACTED] needed for these purposes.
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- g) Ethanolamines used to produce softening agents for artificial silk are imported from CIS and Sandoz in Switzerland. About 17,000 kg of Mono-Ethanolamine and about 50,000 kg of Tri-Ethanolamine are required annually.
- h) Phosphoretted (sic) Tri-chloride and phosphoretted Penta-chloride imports, which are of great importance to the CSR's synthetic chemistry, do not entirely cover the needs, for which reason source is unable to estimate the annual demand. Any quantity available is accepted and sought after. Shipments varying between 3,000 and 10,000 kg arrive with sporadic intervals, most of which come from Switzerland either from Swiss stocks or from other sources via Switzerland.
- i) Acetic Anhydride is also of importance to the CSR's synthetic chemistry. What was said above of Phosphoretted Tri-chloride and penta-chloride is also true of acetic anhydride. Switzerland is the main source, but the CSR's needs are not fully met.
- j) Urea is required for the production of synthetic matters such as artificial resins, etc. The annual demand is about 800,000 kg, but from 300,000 to 400,000 kg more are needed annually for the production of pharmaceutical articles and for the fabrication of bend-proof mountings (armatures)(sic). Switzerland is once more the main source of supply (probably the Sandoz firm), but Hungary supplies some of the imported Urea also.
- k) Leather hides demand of the former Bata Works in Zlin is about 20,000 kg weekly; ~~the weekly~~ while the demand of all other leather factories in the CSR is approximately 60,000 kg weekly. Only a very small percentage of the needs is met domestically so that South American imports, mainly from Argentina, must be effected via Gdynia and Hamburg through Exico, formerly Bata's import-export agency at Zlin.

The following are some of the firms [REDACTED] which are particularly active in supplying the CSR's needs for imported chemicals. As has been pointed out before, Swiss firms are the most prominent suppliers of basic materials of all kinds to the CSR:

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- a) CIS (Chemical Industry AG) in Liestal, Switzerland. Director: Max FLUECHER. CIS has a sister (sic) enterprise called SERVO in Delden, Holland. The Czech representative of these two firms is Karl BRACH in Reichenberg (NOTE: presumably Liberec - 051 616), CSR. BRACH is not a Communist; his interest in Czech imports is strictly financial.

These two firms deliver castor oil to the CSR for the manufacture of brake fluids. Since there is a prohibition against the export of castor oil, CIS and SERVO add five percent of a foreign but harmless substance and ship the mixture under a false designation on the waybill.

The two firms also ship large quantities of motor lubricants at extremely low prices to the CSR.

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Sperm oil (whale head train oil) containing a minimum of 30 percent and a maximum of 60 percent fatty alcohols is also supplied by these firms to the CSR.

Furthermore, they deliver tallow oil and rapeseed oil for greasing weapons to the CSR. Lastly these firms furnish the CSR with Coconut oil.

- b) The firm of SANDOZ in Basel, Switzerland. This firm is a chemical factory delivering softening agents for the manufacture of artificial silk to the CSR.
- c) DANSAS, a Swiss transportation firm with headquarters either in Zuerich or Bern and branch offices in Romanshorn and Bux, handles goods to the CSR, which goods are either exported by Switzerland or are in transit via Switzerland.

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Czechoslovak Fat Factories.

The Czechoslovak Fat Factories were established by the nationalization of the former Schicht enterprise at USTI NAD LABEM to which were attached nearly all enterprises working in production of hardened fats ("tvrzene tuky"), margarines, soap, animal and vegetable oils, varnishes and thickened oils. The capacity of soap production of the Schicht plants themselves with a few other attached enterprises as "OTA" at RAKOVNIK and "KOSMOS" at CASLAV and others was so large that it not only was sufficient to cover the whole Czechoslovak need but even had a large surplus. For that reason, already before February 1948 several smaller soap factories were closed up and after February 1948 this branch of industry was completely nationalized and further, even important plants with good reputation were liquidated (e.g. PILNACEK at HRADEC KRALOVE).

The most important raw material of the Czechoslovak Fat Factories are various animal and vegetable fats, 80% of which has to be imported from abroad. The considerably small amount of fats of home production is not sufficient to cover the need, not even for the food-stuff, not speaking of the technical need. As to the home production of food fats mostly animal fats as tallow (from beef or from mutton), lard (pork or horse), butter and poultry lard are at disposal. As to the vegetable fats it is the rape-oil, poppy oil and mustard oil.

In supplying of all these fats Czechoslovakia is not independent and has to import them. For technical purposes technical mutton and beef tallow, horse lard, bone oil, carcass fat and other fats gathered in public collections ("sberovy tuk"), fat extracted from preserved fish. From the vegetable fats the following are of home-production: technical rape-oil, flax-oil, the smaller amount of corn-oil (produced at BOLERAZ from seed-buds of corn). Further refuse fats such as wool fat (from washing wool), refination acids of food fats and oils, eventually fats gathered in wool working factories and refuse tannery fats. All these technical fats do not cover the Czechoslovak need and import of large amounts from abroad is necessary. Therefore the problem of fats is a large Czechoslovak problem and embargo for fats caused large difficulties in nourishment as well as in the whole Czechoslovak industry. Thus Czechoslovak factories dealing in cleaving of fats ("stepirny tuk") were liquidated on large scale because of lack of raw-materials and only the large cleavage of fats performed in the Schicht enterprise at USTI NAD LABEM and in the factory JAKL & STERIK at KOLIN NAD LABEM remained under operation. These factories worked up mostly tallow of home origin. The products of the cleavage are glycerine, elain (elain - technical oil acid) and stearin (technical stearic acid). As there is a great lack of raw-materials for cleavage, the

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named factories work in a reduced extent and as a result of this there is also a lack of glycerin, elain and stearin, and therefore these important products have to be imported to the CSR although Czechoslovakia used to export them before the war, especially elain and stearin is being imported - mostly from Holland and Switzerland as from transit countries. There is a considerably large need for elain and the import makes at least 80 freight-cars a year in case the import of tallow of bone fat for cleaving is not successful.

The main consumer of elain and stearin is the chemical, textile and tannery industry, further soap and cosmetics production. Glycerin, besides in the above mentioned branches of industry, is being used mostly for production of explosives.

Very important is also the import of castor oil the consumption of which differs from two to three hundred freight-cars. It is being allotted to the chemical, textile and tannery industries, for production of artificial hides, brake liquids and for varnish industry for production of substitutes of varnishes. Besides that, it serves as dericine (castor oil soluble in mineral oil) for thickening of auto-oils, as softener for various plastics and Duco-varnishes. The import of castor oil which was formerly was nearly exclusively delivered from Hull in England, meets great difficulties. It is being delivered from the South-American countries, from Holland and from Switzerland. Because of lack of foreign currency and unsufficient amounts of castor oil imported in this way that considerably large amounts of castor beans were purchased in South America which are gradually being delivered through water-channels, as far as LOVOSICE and there is being worked up to oil. The LOVOSICE factory formerly belonged to the Schicht enterprise. It is not properly equipped for this production and it is also lacked on experiences. The product made of these imported beans is of very bad quality, the oil is dark colored and contains very many loose fatty acids and a considerably large percentage of vegetable slime. The colour is similar to that of the oil formerly imported from Hull (to the second press) with the difference that the color is more green than brown. The best part of the pressed oil is being worked up directly at LOVOSICE for substitutes of varnishes and only the worse part of the ~~pressed~~ oils is being delivered to the other industry. Its price is terribly high - 54 to 65 Kcs for one kg, whereas the castor oil imported from Holland costed only Kcs 28.-- to 35.-- for one kg, nearly the half of the former price for an indisputable better quality of oil. This was the main reason why Czechoslovakia was unable to export castor-oil products although they were of interest until last years for Switzerland, Belgium, Holland and Norway. Czechoslovak prices were too high and the products were too dark because of the bad quality of the castor oil as main ingredient.

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The pressing of the castor beans, which besides in the LOVOSICE oil-factory is recently being done also in the PREROV press-mill, is also defective from the sanitary standpoint. All employees working in that department at LOVOSICE, including the manager Ing. G. ZATOCIL, suffered on asthmatic attacks as result of breathing the vapors of castor oil and they had to be sent to Tatra Mountains for cure.

Further very important oils and fats which have to be imported are the following: Flax and China oils (wood-oil - "cinsky" - "drevny olej") for varnish and chemical industry, the need of which is cca. 500 freight cars. For needs of fine mechanics and leather industry frost-resistant hoof-oil ("paznehtni") in the amount of about 30 freight-cars. For chemical, textile and cosmetical industry olive oil in the amount of 60 freight cars is being imported. For food, chemical and soap industry coco-nut oil, palm oil and palm-kernel oil in the total amount of 2000 freight-cars is being imported. Further, soya and arachide ("arachidovy") oil - about 500 freight cars. For food, tannery, chemical and jute industries different kinds of fish-oils (herring, codfish, seal and whale) in the amount of about 2000 freight cars are being imported, which are being worked up either by hydrogenization, especially for margarine and soap factories, or by oxydation and sulphurization. For chemical and tannery industry spermatic oil ("spermovy olej") is being imported in the amount of 100 freight cars which is being worked up either to cetylalcohol (cetalol) or by sulphurization. As to materials congenial with fats, large quantities of wool fat and different fatty alcohols are being imported for chemical industry. To this group belongs also the import of resin (colophony), especially in corresponding quality to the French type WW, in the amount of 400 freight cars for chemical production for varnish and soap industry and for production of burning pitch for beer barrels.

The mentioned ~~xxxxxx~~ numbers of import are only approximate and they strongly depend on one another. In case some of the fat raw material cannot be imported, it mustbe replaced by some kind in which the import situation is better at the moment. Switzerland, Holland, Belgium, South Africa, France, South American states, Italy and the harbout of Trieste come into consideration for this import. Some of these countries are only transit exporters which use the momental situation for accomplishing good bargains because Czechoslovakia, in result of political and currency difficulties is sometimes obliged to buy without regard to prices, where the necessary goods are available. Because of this difficult situation, several deceits occur from part of unserious suppliers. Thus in 1949 50.000 kg of so called textile elain purchased in Holland was delivered to the CSR; in reality, this was a mixture of 80% light mineral oil with 20% emulgators. This product~~x~~ was sold as practically fully soapable elain, was declared on the bill of consignment

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as "Elain (Technische Oel Saeure)" and it was sold for the price corresponding to the price of foreign elain. In reality it was a larding oil for wool industry of no special quality, the value of which was approximately half of that of elain. This example is being mentioned as type of the kind of business which Czechoslovakia is forced to perform in result of the difficult situation.

A small percentage of fatty raw materials are delivered to the CSR from people's democratic countries, as Poland, Rumania, Hungary, Bulgaria and USSR, especially tallow, wool fat, flax oil, castor oil and sunflower oil. This import, however, reaches maximally 10% of the whole need.

In order to facilitate this import situation of fats Czechoslovakia pays great attention to research and tries to solve the production of synthetical fatty acids by using the refuse gatches ("gace") from Stalin Works' production. In this way about 30% of the need of fats for soap products could be replaced. However, this problem has not been solved as yet and it will last at least a whole year ^{thereafter before} ~~until~~ it would be possible to start real production. This production suppose also large investment costs for the necessary equipment. Also great attention is paid to cultivation of home oil plants but the results even there are not satisfactory. The results of the production of animal fats in the so called "Gigants" (large pigsties) and the State Estates and their influence upon the fat economy of the State were not known until Source's departure from the country.

All these measures are probably able to reduce the import of fats as much as 30% but they are not able to abolish the bottleneck which exists in result of currency difficulties and has influence not only upon nourishment of the nation but also upon a whole section of the industry production of the country. A great difficulty is also based on the fact that after the leading expert personalities had been replaced by reliable Communists the national corporations keep their old line and old formulas for production which they found in the cases of the enterprise. These people, because of their lack of expertness and very small experiences are not capable up to the present of initiative solution of huge substituting ways and economizing systems.

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CZECHOSLOVAK REFINERIES, NATIONAL CORPORATION. CONTROL U. S. OFFICIALS ON

The national corporation Czechoslovak Refineries was established by the nationalization of the firms Vacuum Oil Company and Fanto with attached several small nationalized firms which took part on the production and sale of aut-oils, vaselines, Stauffer's fats, boring and cooling oils, sale of gasoline, lubricants etc. After nationalization of the firm JAKL & STERIK at KOLIN (051/M 38) which produced auto-oils, vaselines, gasoline, consistant fats and boring oils and had an equipment for cracking of fats (stepeni tuky) and production of textile auxiliary matters, this firm was divided by dilimination between the national corporations Syntex and Czechoslovak Refineries of Mineral Oils,

Both the main refineries, which formed the basic enterprises of the new national corporations, i.e. the enterprise at KOLIN (former Vacuum Oil Company) and the enterprise at PARDUBICE (N51/M 79) (former Fanto enterprise) were considerably damaged during the war by air-raids and had to be reconstructed. In order to keep the production in continuous operation this reconstruction was done only temporarily and the definite reconstruction has not been accomplished up to the Source's departure. The mixing of gasoline has been also located at the Pardubice plant; there water-less spirit with a part of benzole is being admixed to car-gasoline. Besides gasoline, naphta and petroleum the Czechoslovak Refineries deliver also benzine as for waxes, the extraction benzine, petroleum ether, lubricating oils of all kinds, petroleum asphalt, refuse tars, emulsions for road-covers, emulsions for impregnation of ~~the~~ board roofs, boring, machining (obrabeci) and cooling oils (water-soluble - vodorozpustne), oils for casting cores (slevarna jadra), artificial vaselines, consistant fats, brake-fluids, insulation and transformer ~~xxxx~~ oils, gas-oils, parafines of various grades of hardness, ceresine (ceresin) and its compounds, naphthene soaps (refinement refuse, containing 10 to 15% of naphthene soaps, cca 80% of mineral oil of low viscosity, 1 to 2° Engler and cca 10 % water). These soaps up to the present have not been elaborated to pure naphthene acids (naftenove kyseliny) in the CSR, of which there is a considerable lack. Also the refinement sour fats containing sulphonized mineral oils and naphthene acids are not yet being utilized in the CSR for production of emulgators and crackers of fats (stepidla tuky).

As far as the quality of products is concerned the pre-war quality has not been reached. All of the benzines have a strong bad smell, they have a low octane number (cca 60) and a very variable distillation curve. The mineral oils have a bad lubricity and they disintegrate and become black very soon, already after a few kilometers, in the motor. The winter-oils have in their majority a bad resistance against frost and a very small viscosity by heat. The regenerated oils made of used oils have much better qualities than the new ones because the easily burning parts of them have been abolished by the use and the regeneration. For that reason a great attention is being paid to collecting and regenerating of used air-craft and automobile oils.

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of gasoline used, shows much better qualities than the same kind of gasoline when used pure. There is a smaller possibility of self-inflammation and ^{engine} knocking (klepani). Consistent fats and vaselines are not bad in principle although they have a bad colour and bad smell as result of the use of dark refuse fatty acids (refinement remnants from margarine factories).

Correspondent ^{via} to the Czechoslovak Refineries are the Slovak Refineries of Mineral Oils in Slovakia. Its basic enterprise is the former firm Apollo in Bratislava and the most modern Czechoslovak refinery at DUBOVA (P49/T 010). The program of production is approximately identical with the production plan of the Czechoslovak Refineries, national corporation. Both these national corporations lost on their importance considerably since the year 1948 because of great lack of crude petroleum which was formerly imported to the CSR from the Western countries, especially from America, as well as from Poland and Rumania. Only a very small percentage of the need is covered by the Czechoslovak own crude petroleum occurring in Slovakia and in Moravia. After the war, the largest amount of crude petroleum originated from reparation deliveries from Hungary and Rumania. Lately, small amounts of crude petroleum were delivered from Hungary and Austria. Gasoline is being supplied by the Stalin Works through its synthetic production of gasoline from coal. The Stalin Works has its own refinery and the KRALUPY refinery (Kralupol) (N51/F 60) has been also attached to it.

The production of Stalin Works is being all the time improved and enlarged. Within the large-scale research also enlargement of the production program as to utilization of the refuse material is being considered (production of plastics, artificial termines, developers, etc). Because the research institute of the enterprise is not able to solve all this research problems, the proposed problems have to be publically offered to external chemists for solution.

In order to secure a sufficient supply of gasoline, the establishment of two other similar factories is being considered. (Editor's note: This problem has been mentioned in the report on the Commissioner of the Government for Fuels).

The products of the Czechoslovak Refineries and of the Stalin Works are being distributed (as well as tires for motor-vehicles) by the Distributing Office of Mineral Oils in Prague II, Hybernska, the chief of which is Ing. M. PANTO. Ing. Panto is a Jew, does not speak correctly Czech. During the war he allegedly was in England and he is supposed to be an expert on mineral oils. He is an organized Communist with a good position which is evident from the fact that he has been in his office without any interval since 1945. Outside his office he does not appear socially as a Communist. After the re-organization of Czechoslovak industry when the rationing became jurisdiction of the general management of national corporations and after motor-fuels have been given into free sale, the above named office lost its reason for existence but it is still existing due to the influence of Ing. PANTO. The forms of monthly production plans are being filled out for

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this office and rations are being received from it on paper which practically are not being kept at all because the nationalized corporations are being supplied according to their partial plan of material supply.

The state of reserves of motor-fuels is being kept on the highest amount and the underground tanks are being established on different places, It seems that the production covers fully the Czechoslovak consumption.

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